

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF TREASURY

In the Matter of:

JOE S. DICKSON, JR.

Former Officer, Director and
Institution-Affiliated Party
of Eureka Homestead Society

New Orleans, Louisiana

OTS No.: DAL-95-44

Dated: December 13, 1995

STIPULATION AND CONSENT TO THE ENTRY OF
AN ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Joe S. Dickson, Jr. ("DICKSON"), former officer and director of Eureka Homestead Society, New Orleans, Louisiana, OTS Docket No. 3193, ("Eureka Homestead" or the "Institution") that the OTS is of the opinion that grounds exist to initiate an administrative prohibition proceeding against DICKSON pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e);¹ and

WHEREAS, DICKSON desires to cooperate with the OTS to avoid the time and expense of such administrative proceeding and, without admitting and specifically disputing the statements and conclusions

1. All references to the U.S.C. are as amended.

of the OTS, in accordance with Rule 408 of the Federal Rules of Evidence and without trial or hearing, but admitting the jurisdictional statements and conclusions in Paragraph 1 below, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Eureka Homestead is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) DICKSON, as a former officer and director of Eureka Homestead, is deemed to be an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against a savings association and/or its institution-affiliated parties. The Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue orders of prohibition on behalf of the OTS where the respondent has consented to the entry of the order. Therefore, DICKSON is subject to the jurisdiction of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

2. OTS Findings of Fact. The OTS finds that Eureka

(a) On or about April 14, 1987, DICKSON, as president of Eureka Homestead, signed a document captioned "Margin Agreement" which, among other things, authorized the Institution to establish and maintain a margin trading account with Dover Group, Inc. In addition, DICKSON signed a certification which represented that he was authorized to open the margin trading account.

(b) On January 27, 1988, DICKSON, as president of Eureka Homestead, signed a document captioned "Margin Agreement" which, among other things, authorized the Institution to establish and maintain a margin trading account with Boettcher & Company.

(c) During January 1990, DICKSON retired as president of Eureka Homestead, yet remained on as a director of the Institution.

(d) By no later than June, 1990, DICKSON, as a director of Eureka Homestead, was aware that the OTS February 13, 1990 Report of Examination had directed the Institution to, among other things, develop a business plan and investment plan. Eureka Homestead's board of directors ("board") made written representation to OTS that a comprehensive business plan and investment policy were in the process of being formulated.

(e) On or about June 18, 1991, DICKSON placed his signature, as a director of Eureka Homestead, on a document prepared by a brokerage firm which, among other things, referenced that the board had undertaken a review of Eureka Homestead's "trading activity to date", including the results, transaction costs and the attendant risks associated with such trading activities. The document further represented that any prior

trading activity was ratified by the board and was within the Institution's investment limitations and objectives. None of the board actions referenced in the document executed by DICKSON ever took place.

(f) DICKSON subsequently became aware that the OTS October 7, 1991 Report of Examination of Eureka Homestead had deemed the Institution's investment policy as deficient and not in compliance with applicable regulations. The Report further reflected that the Institution's management was not complying with board policies and procedures, GAAP and OTS regulations.

(g) DICKSON subsequently became aware that the OTS October 26, 1992 Report of Examination of Eureka Homestead had again reflected regulatory deficiencies with the Institution's investment policy and noncompliance with Thrift Bulletin 52. The Report further reflected that despite the prior October 1991 OTS Report of Examination's criticisms of the the Institution's investment policy, the board had apparently not reviewed the policy since July 15, 1991.

(h) On or about January 26, 1993, DICKSON again placed his signature, as a director of Eureka Homestead, on a document prepared by the same brokerage firm referenced in subparagraph 2(e) above, which, among other things, referenced that a review had been undertaken of Eureka Homestead's "trading activity to date", including the results, transaction costs and the attendant risks associated with such trading activities. The document further represented that any prior trading activity was ratified by the

board and was within the Institution's investment limitations and objectives. None of the board actions referenced in the document executed by DICKSON ever took place.

(i) During the course of the October 18, 1993 OTS Report of Examination of Eureka Homestead, OTS examiners determined that the Institution's president had engaged in securities trading activities that had resulted in significant unrecognized losses to Eureka Homestead.

(j) OTS further finds that from June 1990 through October 1993, the board failed to adopt sufficient internal controls to ensure that: the Institution was operating in a safe and sound manner; the Institution's books and records were accurate and reliable; and, directives and requests for corrective actions received from financial institution regulatory agencies were being addressed and undertaken by Institution management.

(k) OTS further finds that at all times relevant hereto, DICKSON was aware that the establishment or maintenance of a securities trading account by Eureka Homestead was not an authorized investment activity. Notwithstanding this knowledge, on at least the four occasions described above, DICKSON, while acting as a director, executed documentation that facilitated unauthorized securities trading activities on behalf of Eureka Homestead.

(l) Based upon the foregoing, the OTS concludes that DICKSON: (a) engaged in a violation of the law and/or breached his fiduciary duty to Eureka Homestead; and (b) Eureka Homestead has suffered or will suffer financial loss; and (c) the violation of law and breach of fiduciary duty demonstrated willful or continuing disregard by DICKSON for the safety and soundness of Eureka Homestead.

3. Consent. DICKSON consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director or designee for the Midwest Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(e) and (i) of the FDIA, 12 U.S.C. § 1818(e) and (i).

5. Waivers. DICKSON waives the following:

(a) the right to be served with a written notice of the OTS's charges against him as provided by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e);

(b) the right to an administrative hearing of the OTS's charges against him as provided by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses arising under common law or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

6. Other Government Actions Not Affected.

(a) DICKSON acknowledges and agrees that the consent to the entry of the Order is for the purpose of resolving this OTS enforcement matter only, and does not resolve, release, discharge, compromise, settle, dismiss, or in any way affect any other civil or criminal proceeding which may be or has been brought by the OTS or another governmental entity.

(b) By signing this Stipulation and Consent to the Entry of an Order of Prohibition, DICKSON agrees that he will not assert this proceeding, his consent to the entry of the Order, and/or the entry of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other federal or state governmental entity.

7. Acknowledgment of Criminal Sanctions. DICKSON acknowledges that Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of the Order.

8. Agreement for Continuing Cooperation. DICKSON agrees that, at the OTS's request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to any investigation, litigation or other proceeding maintained by the OTS relating to Eureka Homestead, its holding companies, its subsidiaries and its institution-affiliated parties, except that DICKSON does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution. If DICKSON invokes a privilege against

self-incrimination under the Fifth Amendment of the United States Constitution with respect to any matter about which the OTS inquires or the production of any document requested by the OTS and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6000 et seq., DICKSON agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative or investigative proceeding on the matter for which immunity is given.


9. Indemnification. DICKSON shall neither cause nor permit Eureka Homestead (or any successor institution, holding company, subsidiary or service corporation thereof) to incur, directly or indirectly, any expense (including but not limited to, legal or other professional expenses) incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from the Institution (or any successor institution, holding company, subsidiary or service corporation thereof) with respect to such amounts. Any such payments received by or on behalf of DICKSON in connection with this action shall be returned to Eureka Homestead (or the successor institution, holding company, subsidiary or service corporation thereof).

WHEREFORE, DICKSON executes this Stipulation and Consent to the Entry of an Order of Prohibition, intending to be legally bound hereby.

By:

Accepted by:
Office of Thrift Supervision


Joe S. Dickson, Jr.


Frederick R. Casteel
Regional Director
Midwest Region

Dated: 12-7-95

Dated: 12-13-95

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Before The
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DEPARTMENT OF THE TREASURY

In the Matter of:

JOE S. DICKSON, JR.

Former Officer, Director and
Institution-Affiliated Party
of Eureka Homestead Society

New Orleans, Louisiana

OTS No.: DAL-95-44

Dated: December 13, 1995

ORDER OF PROHIBITION

WHEREAS, Joe S. Dickson, Jr. ("DICKSON"), has executed a Stipulation and Consent to the Entry of an Order of Prohibition ("Stipulation") on December 7, 1995; and

WHEREAS, DICKSON by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e); and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue orders of prohibition on behalf of the OTS where the respondent has consented to the entry of the order.

NOW THEREFORE, IT IS ORDERED that:

1. DICKSON is prohibited from further participation, in any manner, in the conduct of the affairs of Eureka Homestead Society, New Orleans, Louisiana ("Eureka Homestead"), including its holding company(ies), subsidiaries and its service corporations.

2. Due to and without limitation on the operation of Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6), DICKSON shall not:

(a) participate in any manner in the conduct of the affairs of the institutions and agencies set forth in paragraph 3 of this Order;

(b) solicit, procure, transfer, attempt to transfer, vote or attempt to vote any proxy, consent or authorization with respect to any voting rights in any of the institutions and agencies set forth in paragraph 3 of this Order;

(c) violate any voting agreement previously approved by the "appropriate Federal banking agency" as defined in Section 3(q) of the FDIA, 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party," as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling stockholder of, or agent for, an insured depository institution.

3. Due to the operation of Section 8(e)(7) of the FDIA, 12 U.S.C. § 1818(e)(7), DICKSON shall not continue or commence to hold any office in, or participate in any manner in the conduct of the affairs of:

(a) any insured depository institution, as defined in Section 8(c) of the FDIA, 12 U.S.C. 1818(c);

(b) any institution treated as an insured bank under Sections 8(b)(3) or 8(b)(4) of the FDIA, 12 U.S.C. § 1818(b)(3) or (b)(4);

(c) any institution treated as a savings association under Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9), including any savings and loan holding company, any subsidiary of a savings and loan holding company, any service corporation of a savings association, or any subsidiary of a service corporation, whether wholly or partly owned;

(d) any insured credit union under the Federal Credit Union Act, 12 U.S.C. §§ 1781 et seq.;

(e) any institution chartered under the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 et seq.;

(f) any appropriate Federal depository institution regulatory agency;

(g) the Federal Housing Finance Board and any Federal Home Loan Bank; or

(h) the Resolution Trust Corporation.

4. Pursuant to Section 8(e)(7)(B) of the FDIA, 12 U.S.C. § 1818(e)(7)(B), the prohibitions of paragraphs 2 and 3 of this Order shall cease to apply with respect to a particular institution if DICKSON obtains prior written consent of both the OTS and the institution's "appropriate Federal financial institutions regulatory agency," as defined in Section 8(e)(7)(D) of the FDIA, 12 U.S.C. § 1818(e)(7)(D).

5. The Stipulation is made a part hereof and is incorporated herein by this reference.

6. Notice is hereby provided that a violation of this Order could subject DICKSON to the penalties specified in Section 8(j) of the FDIA, 12 U.S.C. §1818(j).


7. DICKSON shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

8. The OTS does not intend to, and nothing in the Order shall be interpreted to limit, in any manner, the full scope of the prohibition prescribed by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

9. This Order shall become effective on the date it is issued, as shown in the caption above.

10. A copy of this Order shall be served upon DICKSON through his designated counsel.

OFFICE OF THRIFT SUPERVISION
By:



Frederick R. Casteel
Regional Director
Midwest Region

Dated: 12-13-95